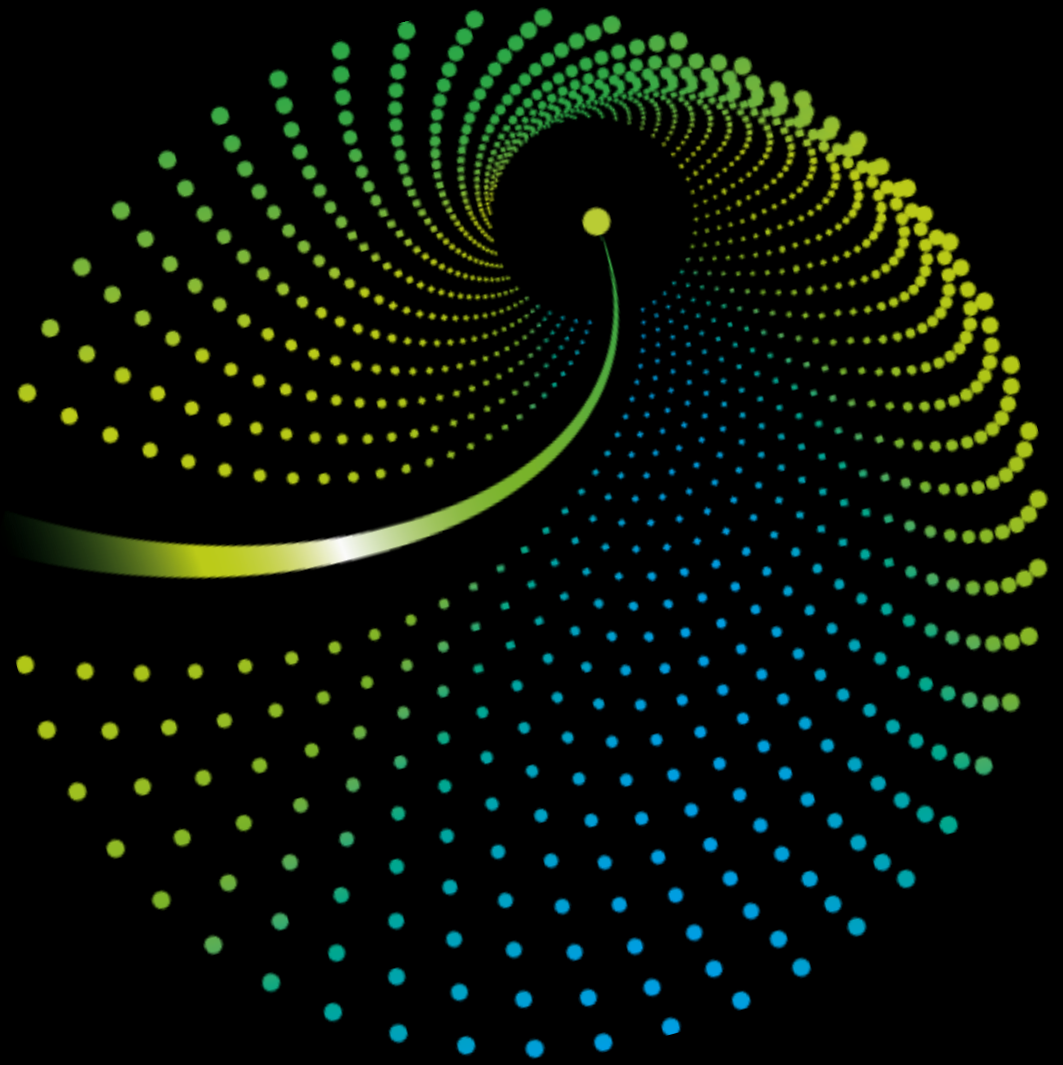
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Thin Siew Chi & Julie Tan | 12 November 2026



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Corporate Tax

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Corporate Tax

Review of income tax rates for Micro, Small and Medium Enterprises (MSMEs)

Chargeable income	Current tax rate (%)	Proposed tax rate (%)
First RM150,000	15	**14**
RM150,001 to RM600,000	17	**16**
Exceeding RM600,000	24	24

Effective: YA 2027

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Corporate Tax

Income tax deduction for implementing BAKAT MADANI Skills Training Programme

Proposed

A tax deduction will be given to employers or companies implementing the **BAKAT MADANI Skills Training Programme** for the following costs:

- Training expenditure
- Programme administration costs

Effective: Training programmes commencing from 29 June 2026 to 31 December 2030

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Corporate Tax

Income tax deduction for salary payments through financial institution and cashless payment instruments

Current

- Expenses incurred wholly and exclusively in the production of gross income, including salary payments to employees, are allowable as a tax deduction under Section 33 of the Income Tax Act 1967 (ITA).
- Eligibility to claim tax deduction is regardless of whether the expenses are paid in cash, non-cash or through any other method of payment.

Proposed

- Tax deduction on salary expenses shall be allowed **provided payments are made through financial institutions** or **cashless payment instruments**, except for salary payment transactions by MSMEs.
- Tax deduction on expenses other than salary payments remains allowable, regardless of the method of payment.

Effective: YA 2028

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Corporate Tax

Income tax deduction on relocation costs incurred by Malaysian-owned automotive vendors

Proposed



A tax deduction of up to **RM5 million** will be given for **qualifying relocation costs** to encourage wholly Malaysian-owned automotive vendors to relocate their operations to the **Automotive Hi-Tech Valley in Tanjong Malim, Perak**



Effective: Expenditure incurred from 1 January 2027 to 31 December 2030

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Corporate Tax

Income tax deduction on issuance costs of Sukuk Prisma

Current

- The Securities Commission Malaysia (SC) introduced the Sustainable and Responsible Investment (SRI) Sukuk framework, which enables companies to raise funds to enhance sustainability practices and support the transition towards low-carbon activities.
- **Income tax deduction is given on Sukuk SRI issuance costs from YAs 2016 until 2027.**

Proposed

- From 2027, SC will introduce **Sukuk Prisma,** which aims to expand the use of the capital market to attract sustainability-focused investments in areas including climate change adaptation, water and food security, biodiversity resilience and blue economy.
- **An income tax deduction will be given for the issuance cost of Sukuk Prisma approved or authorised by or lodged with, the SC.**
- Income tax deduction granted on the issuance cost of SRI Sukuk remains effective until YA 2027.

Effective: YAs 2027 to 2030

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Corporate Tax

Review of capital allowance for small value assets

Pursuant to Paragraph 19A, Schedule 3 of the ITA, qualifying capital expenditure for assets with value of not more than RM2,000 each (not exceeding a total value of RM20,000 in the case of non-MSME company) may opt to claim 100% special allowance.

Particulars	Current limit	Proposed limit
Value of each asset	RM2,000	**RM3,000**
Total capital expenditure limit*	RM20,000	**RM30,000**

** The above limit does not apply to MSMEs*

Effective: YA 2027

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Corporate Tax

Accelerated Capital Allowance (ACA) – extension of incentive period

ACA rates:

Initial:
20%

Annual:
40%

Current

ACA claim over 2 years for qualifying capital expenditure incurred from 11 October 2025 to 31 December 2026:

1. Heavy machinery procured from local manufacturers
2. Plant and general machinery acquired from local manufacturers
3. Purchase of Information and Communication Technology (ICT) equipment and computer software
4. Consultation, licensing and incidental fees related to the development of customised computer software

Proposed

Extended for another 4 years (Note: Gazette order for the initial proposal has yet to be issued)

Effective: Qualifying capital expenditure incurred from 1 January 2027 to 31 December 2030

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Corporate Tax

Reinvestment Allowance (RA)

Current

Schedule 7A of the Income Tax Act 1967 (ITA)

Eligibility: Malaysian resident companies that have been in operation for at least 36 months and have incurred capital expenditure on a factory, plant or machinery used for the purpose of a qualifying project (expanding, modernising, automating or diversifying existing business) may qualify for RA incentive.

RA: **60%** on qualifying capital expenditure



Factory



Plant



Machinery

Offset: Up to **70%** of statutory business income, or **100%** if productivity meets the Minister's prescribed level.

Effective: To be announced

Proposed: Review of RA

Focus: Review of qualifying conditions and the mechanism for granting the incentive

Objective: More targeted incentive to strengthen **industrial competitiveness**

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Corporate Tax

Review of income tax exemption for Malaysian shipping companies

	Current	Proposed
Income tax exemption	• 70% income tax exemption under Section 54A of the ITA (shall remain in effect) • Full income tax exemption from the year of assessment (YA) 2024 until YA 2026 under the Income Tax (Exemption for Malaysian Ship) Order 2024 [*P.U.(A) 184/2024*], subject to meeting conditions. [Note: Similar exemption were given for prior YAs under separate subsidiary legislations.]	• Full income tax exemption extended for another **10 years** with revised conditions
Conditions	• Minimum **RM250,000** annually for each Malaysian ship • **At least four** onshore full-time employees (majority Malaysian citizens) comprising: CEO, administrative and finance officer, operating officer, and health, protection, safety and environmental affairs officer • Employees who are ship personnel under Part III of the Merchant Shipping Ordinance 1952 [Ord. 70/1952] shall be subject to the minimum requirement as specified in the Safe-Manning Certificate issued by the Marine Department of Malaysia.	• **Strategic management and effective control** implemented in Malaysia • Minimum **RM250,000** annually **for each Malaysian ship** • **At least four** Malaysian citizens **for each Malaysian ship**, with average monthly salary of **RM15,000**

Effective: YAs 2027 to 2036

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Corporate Tax

Review of income tax exemption for Shariah-compliant fund management services provider companies

Current

60%

- Income tax exemption on statutory income derived from managing Shariah-compliant funds until YA 2027
- For resident companies providing Shariah-compliant fund management services approved by the Securities Commission Malaysia.

Investors category
• Foreign investors in Malaysia
• Local investors
• Business Trust investors and Real Estate Investment Trusts (REITs) investors in Malaysia

Proposed

40%

- **Income**
- **Tax Exemption**
- On statutory income derived from managing Shariah-compliant funds.
- **3-year extension**

Effective: YAs 2028 to 2030

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Corporate Tax

Income tax exemption on sustainable and responsible investment (SRI) Sukuk and Bond Grant Scheme

Previously

- Income tax exemption on grants received by issuers under the SRI Sukuk and Bond Grant Scheme to finance 90% of external review expenses incurred in issuing the sukuk, subject to a maximum amount of RM300,000.
- Exemption applies to applications received by the Securities Commission from 1 January 2018 to 31 December 2025.

Proposed

- Grants received under the SRI Sukuk and Bond Grant Scheme is to be exempted from income tax.

Effective: From 1 January 2027

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Others

Income tax deduction for contributions to Dapur Siswa MADANI Programme

Proposed



- Implementation of Dapur Siswa MADANI projects and programmes under the Ministry of Higher Education across all public universities, polytechnic and teacher education institutions
- Provision of cash contributions, food supplies and food preparation equipment
- A tax deduction will be given to individual and corporate donors pursuant to Sections 44(6) and 44(11D) of the ITA

Effective: Expenditure incurred from 1 January 2027 to 31 December 2030

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Corporate Tax

No tax deduction for cost of issuing new shares

Current

Employee Share Option Scheme (ESOS)

Treasury shares (Section 34D of the ITA)
Tax deduction is allowed on the cost of acquiring treasury shares which are transferred to its employees or payment made to holding company for the transfer of treasury shares.

New shares (Public Ruling No. 9/2013)
No tax deduction is allowed for costs of issuing new shares to employees under ESOS.

Proposed

No tax deduction for cost of issuing new shares

Applies to:

- **A company's own shares** for its employees.
- **Payments made to a holding company or subsidiary company** for new shares, as specified by the Minister through Income Tax Rules.

Effective: From YA 2027

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Corporate Tax

Failure to comply with Income Tax Rules (Exchange of Information / CbCR)

Current

Offence is chargeable under Section 119B(1) of the ITA and **upon conviction**, shall be liable to the following penalties:

- **A fine of not less than RM20,000 and not more than RM100,000;**
- **Imprisonment for a term not exceeding 6 months; or**
- **Both.**

Proposed

Expanding the scope of provision for the offence by permitting the Director General of Inland Revenue to impose penalty where there is no prosecution instituted as follows:

- **A fine of not less than RM20,000 and not more than RM100,000**

Effective: 1 January 2027

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Corporate Tax

Unilateral tax credit

"Unilateral credit" means credit in respect of foreign tax payable under the laws of a territory outside Malaysia with respect to which no arrangements under Section 132 of the ITA (i.e. Double Taxation Avoidance Agreement) are in force

Proposed

Unilateral tax credit may be claimed by a person resident in Malaysia who is subject to Malaysian tax and has borne foreign tax on the same income in a foreign jurisdiction that has entered into a **Limited Double Taxation Avoidance Agreement** with Malaysia (i.e. Double Taxation Avoidance Agreement with Argentina and United State of America)

Effective: YA 2027

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Corporate Tax

Expansion of the scope of the definition of "Classified Person"

Current

Definition of "Classified Person":

- **Officials;** and
- **Employees of Inland Revenue Board of Malaysia ("IRBM")**

Proposed

Scope of "Classified Person" to be expanded:

- Officials; and
- Employees of IRBM

This applies regardless of whether the individual remains employed, has retired, or is no longer employed.

Note: The proposal applies to RPGTA and PITA.

Effective: 1 January 2027

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Corporate Tax

Definition of “control” between associated persons

Proposed

Term	Applies to	Proposed definition
“Control”	Transactions between associated persons	“Control” includes **direct or indirect shareholding.**

Effective: From 1 January 2027

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Tax Incentives

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Tax Incentives

Review of tax incentive for Global Services Hub (GSH)

Malaysia hub for high-value services that manages, controls and supports key business functions

Current

5% or 10% corporate income tax rate

- Outcome-based approach, income from provision of services or trading activities, exempted for a period of 5 years or 10 years
- Subject to conditions such as minimum annual operating expenditure and high-value employment.

15% individual income tax rate

- 3 consecutive YAs for 3 non-citizens in key posts or C-Suite roles.

Effective: For applications received by Malaysian Investment Development Authority (MIDA) from 14 October 2023 to 31 December 2027

Proposed

Company / income	Tax rate
New company: GSH income	5%
Existing company: ≤ base income	15%
Existing company: > base income	5%

i. New company: Has not carried out GSH or Principal Hub (PH) activities.

ii. Existing company meets both conditions:

   a. Previously approved for the GSH or PH tax incentive; and

   b. Indicates that it will undertake additional new services when making an extension application.

iii. Base income (existing company): Average income for the last 3 years.

Effective: For applications received by MIDA from 1 January 2027

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Tax Incentives

Review of tax incentive for Global Services Hub (GSH) (cont.)

Subject	Proposed details
Incentive period	• 5-year periods, up to a maximum of 30 years. • Subject to company's performance or commitments in the preceding and subsequent incentive periods.
Qualifying services	• Regional P&L / Business Management Unit • Strategic business planning • Corporate development
Additional services	• At least 2 qualifying activities from strategic services, business services [including Treasury Fund Management (TFM)], or shared services.
Exempted income	• Service income OR service and trading income, AND TFM income as prescribed by the Ministry of Finance (MOF).
Treasury Fund Management	GSH companies undertaking TFM activities specifically for cash pooling via onshore intermediaries be given the following additional incentives: • Withholding tax exemption on interest paid to non-residents; and • 100% stamp duty exemption on intercompany foreign-currency loan agreements. Both exemptions applicable to this TFM activity would also apply to GSH companies under the Johor-Singapore Special Economic Zone (JS-SEZ) incentive package.

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Tax Incentives

Review of Green Investment Tax Allowance ("GITA") project (business purposes)

Particulars	Current			Proposed	
Qualifying activity	**Tier 1** a) Green Hydrogen	**Tier 2** a) Integrated Waste Management b) Electric Vehicle Charging Station	**Tier 3** a) Biomass b) Biogas c) Mini Hydro d) Geothermal e) Solar f) Wind Energy	**Tier 1** a) Green Hydrogen b) Ocean Thermal Energy Conversion	**Tier 2** a) Electric Vehicle Charging Station b) Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind energy)
GITA (%)	100%			100%	60%
Statutory income to be set-off	100% / 70%	100%	70%	100% / 70%	70%
Incentive period	Up to 10 years (5 + 5 years)	5 years	5 years	Up to 10 years (5 + 5 years)	5 years

Note: The incentive applicable for the period from 1 January 2024 to 31 December 2026 has yet to be gazetted.

Effective: Applications received by MIDA from 1 January 2027 to 31 December 2030

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Tax Incentives

Review of GITA assets (own consumption)

Particulars	Current		Proposed	
Qualifying activity	**Tier 1** a) List of qualifying assets approved by Finance Minister b) Battery Energy Storage System (BESS) c) Green Building	**Tier 2** a) List of qualifying assets approved by Finance Minister b) Renewable Energy System c) Energy efficiency	**Tier 1** a) List of qualifying assets approved by Finance Minister: i. Bus, Van, Panel MPV, Movers, Terminal Tractor, Forklift, Lorry/Light Truck, Lorry and Heavy Vehicle (including prime mover) ii. Electric vehicle infrastructure (locally produced) iii. Waste composting and recycling system (locally produced) iv. Wastewater recycling and rainwater harvesting system (locally produced) b) Renewable Energy Integrated System (Biomass, Biogas, Mini Hydro, Solar, Geothermal, Wind Energy) + BESS / Energy Storage System (ESS)	**Tier 2** a) List of qualifying assets approved by Finance Minister: i. Electric vehicle infrastructure ii. Waste composting and recycling system iii. Wastewater recycling and rainwater harvesting system b) Renewable Energy System (Biomass, Biogas, Mini Hydro, Geothermal, Wind Energy)
GITA (%)	100%	60%	100%	60%
Statutory income to be set-off	70%		70%	

Note: The incentive applicable for the period from 1 January 2024 to 31 December 2026 has yet to be gazetted.

Effective: For the purchase of qualifying green technology assets verified by MGTC from 1 January 2027 until 31 December 2030. The company shall apply to MGTC within 24 months from the date of purchase of the qualifying GITA asset

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Tax Incentives

Extension of tax incentives for organising international incentive trips, conferences and trade exhibitions

Current

100%

Statutory income exemption for YAs 2026 and 2027

For companies, associations or organisations that organise international incentive trips, conferences or trade exhibitions certified by the Ministry of Tourism, Arts and Culture (MOTAC).

Annual minimum foreign participants

Incentive trips	Conferences	Trade exhibitions
1,500	2,000	3,000

Proposed

3 years

Tax incentive extension

Effective: YAs 2028 to 2030

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Tax Incentives

Extension of tax incentive for equity crowdfunding (ECF)

Current

- Individual investors (including those investing through an LLP nominee) are eligible for exemption equivalent to 50% of investment, capped at RM50,000 per YA and 10% of aggregate income. Excess is disregarded.
- **Conditions:** SC verification, investment made via an approved ECF platform by SC, no family ties with the investee company and no full or partial disposal within two years of investment.
- **Effective for investments made from 1 January 2021 until 31 December 2026.**

Proposed

Extended for another 4 years (i.e. investments made from 1 January 2027 until 31 December 2030)

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Tax Incentives

Extension of tax incentives for Angel Investors

- Angel investors who invest in ordinary shares of technology start-ups at the pre-seed or seed stage are eligible for an income tax exemption equal to the amount invested.
- **Effective:** Investments made from 1 January 2013 until 31 December 2026.

Proposed

Extension of the incentive for 4 years

Note: The incentive applicable for the period from 1 January 2024 to 31 December 2026 has yet to be gazetted.

Effective: Investments made from 1 January 2027 until 31 December 2030

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Tax Incentives

Multi-Family Office Model (MFO)

Current

- **Single Family Office (SFO) incentive scheme:** Establish SFO to manage wealth and investments of one family in the Forest City Special Financial Zone (FC-SFZ).
- **0%** income tax on qualifying income for up to 20 years.



Proposed

- **Multi-Family Office (MFO):** Licensed fund managers are allowed to serve several families, including approved SFO funds.
- **Shared resources:** Families pool resources and share wealth-management infrastructure, offering a structured, cost-efficient alternative to traditional hubs.
- **Potential impact:** Supports Malaysia's wealth-management sector and strengthens Forest City's appeal for long-term global capital and asset preservation.

Effective: To be announced

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Tax Incentives

Proposed Sibu Special Economic Zone

Proposed

The Government will begin formal negotiations to finalise the proposed zone's incentive framework, a one-stop investment facilitation centre and strategic infrastructure needs

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Global Minimum Tax

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Global Minimum Tax ("GMT")

Update to the Local Financial Accounting Standard Rule

Current

"164. (2) For the purposes of the Domestic Top-up Tax, the Financial Accounting Net Income or Loss of a Constituent Entity which is a member of a Multinational Enterprise Group and located in Malaysia but not being a Permanent Establishment of a Main Entity shall be determined based on the financial statement of the Constituent entity if —

(a) all of the Constituent Entities of the Multinational Enterprise Group which are located in Malaysia have the ***same Financial Year*** *as the Ultimate Parent Entity of the Multinational Enterprise Group; and ... "*

Proposed

To be amended to account for the latest changes introduced by the **September 2026 Administrative Guidance issued by the OECD** as follows:

a) Clarification on financial period alignment

b) New exception where financial period misalignment is allowed

Effective: Financial year commencing on or after 1 January 2025 and subsequent financial years

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Global Minimum Tax (“GMT”)

Clarification for Joint Venture (“JV”) and JV Subsidiaries

Current

“187. (1) For each Financial Year, this Part shall apply to a Joint Venture and its Joint Venture Subsidiaries in the following manner:

*(a) Chapters **5 to 10** of this Part shall apply...”*

Proposed

To be amended to clarify that Chapters **11 to 19** of Part XI of the ITA also apply to JV and JV subsidiaries.

Effective: Financial year commencing on or after 1 January 2025 and subsequent financial years

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Global Minimum Tax ("GMT")

Due date for Top-Up Tax Return

Current

"202. (1) Every Constituent Entity of a Multinational Enterprise Group shall for each Reporting Financial Year furnish to the Director General a Top-up Tax return in the prescribed form ***not later than fifteen months from the last day of the Reporting Financial Year****."*

Proposed

To be amended to clarify that a Constituent Entity that is **owned by 2 or more multinational enterprise (MNE) Groups with different Reporting Financial Years**, the due date would be counted from the **later financial year end**.

Effective: From 1 January 2027

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Labuan

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Corporate Tax

Capital allowance treatment for Labuan companies opting to be taxed under ITA

Current

No specific provision governing the determination of qualifying plant expenditure (QPE) in respect of assets previously used in a Labuan business activity for a Labuan entity that opts to be taxed under the ITA.

Proposed

QPE for assets used in a Labuan business activity by a Labuan entity opting to be taxed under the ITA will be determined as follows:

i. **QPE is deemed to be incurred under ITA**;

ii. **Amount of QPE is the market value or net book value of the assets, whichever is lower;** and

iii. **This determination is based on the date when the Labuan entity opts to be taxed under the ITA.**

No initial allowance is allowed for the assets.

** The above does not apply to buildings.*

Effective: YA 2027

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Corporate Tax - Labuan

Capital allowance treatment for Labuan companies opting to be taxed under ITA – cont.

Example

- ABC Global Services Labuan Ltd is carrying on Labuan leasing business activity.
- It commenced business in 2021 and is taxed under Labuan Business Activity Tax Act, 1990 ("LBATA").
- On 1 January 2027, it elects to be taxed under ITA.

Particulars	Amount (RM)
Original cost of plant (purchased and used in Labuan business activity and business under ITA)	10 million
Net book value (NBV) on 1/1/2027	3 million
Market value (MV) on 1/1/2027	12 million

- QPE upon the election to be taxed under ITA is **RM3 million, being the lower of the NBV and MV**.
- Annual allowance is allowable based on QPE.
- Initial allowance is not allowed.

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Corporate Tax - Labuan

Interpretation of "Control" and "Associated Persons" under LBATA

Term	Proposed
Control	"Control" includes "direct or indirect shareholding"
Associated Persons	Outlining the definition of "control" in a transaction between "associated persons" in the same manner as provided for under Section 17D of LBATA

Effective: 1 January 2027

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Corporate Tax - Labuan

Offence provision under Labuan Business Activity Tax Act, 1990 (LBATA)

Offence:
Obstructing the Director General of Inland Revenue or any officers in exercising their functions or powers under LBATA

Upon conviction:

- **A fine of not less than RM20,000 and not more than RM1,000,000;**
- **Imprisonment for a term not exceeding 2 years;** or
- **Both.**

Effective: 1 January 2027

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Corporate Tax - Labuan

Relief for error or mistake

Proposed

Any Labuan entity that has paid the tax may apply in writing to the Director General of Inland Revenue to:

- **Apply for a relief in respect of an excessive assessment by reason of error or mistake; and**
- **Application must be made within 5 years after the end of the year of assessment.**

Effective: YA 2027

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Petroleum Income Tax

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Petroleum Income Tax

Contributions to charity project

Current

The following tax deductions require approval from the MOF:

- Provision of services, public amenities and contributions to charity and community projects. [Subsection 16(7B) of the PITA]
- Provision of business-related infrastructure which is available for public use [Subsection 16(7BA) of the PITA]

Proposed

Streamlined approval process:

Contribution value	Project approval	Contribution verification
RM300,000 and below	Government authority (RGA)	
Above RM300,000	MOF	RGA

Effective: From YA 2027

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Petroleum Income Tax

Contributions and sponsorship for arts, cultural and heritage activities

Current		Proposed	
Tax deduction limit	**RM200,000**	**Tax deduction limit**	**RM1,000,000** (limited to RM300,000 for foreign arts, cultural and heritage activities)
Activity scope	Arts and cultural activities	**Activity scope**	Arts, cultural and **heritage activities (extended)**
Approval	Ministry of Tourism, Arts and Culture	**Approval**	Minister charged with the responsibility for arts, cultural or heritage

Effective: From YA 2027

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Petroleum Income Tax

Contributions for charitable causes, sports activities and project of national-interest

Current

PITA provision	Contributions to	Tax treatment
Subsection 22(1)	Approved institutions or organisations	Tax deduction capped at **7%** of statutory income
Subsection 22(1E)	Approved sports activities	
Subsection 22(1F)	Approved projects of national interest	

Proposed



Raise the tax deduction limit to **10%** of statutory income

Effective: From YA 2027

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Corporate Tax - Petroleum (Income Tax) Act 1967 (PITA)

Qualifying exploration expenditure

Current

- First Chargeable Person (First CP) is allowed to surrender the Qualifying Exploration Expenditure (QEE) to the Second Chargeable Person (Second CP) for the purpose of claiming a deduction against the gross income of Second CP

Proposed

- **Deduction for QEE is allowed to be claimed by Second CP, equally over a period of 5 YAs.**
- **Unabsorbed QEE in a YA can be carried forward and deducted against the gross income of Second CP.**

Effective: YA 2027

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Stamp Duty

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Stamp Duty

Stamp duty exemption for purchase of first residential home

Current

- **A 100% stamp duty exemption** is given on **loan agreements and instruments of transfer** for the **purchase of a first residential home priced up to RM500,000 by Malaysian citizens.**
- The exemption is effective on loan agreements and instruments of transfer involving sale and purchase agreements executed from 1 January 2021 until 31 December 2027.

Proposed

Stamp duty exemption be given on loan agreements and instruments of transfer as follows:

- **For first residential homes priced up to RM500,000**

  100% stamp duty exemption

- **For first residential homes priced up to RM750,000:**

  a) **For the first RM500,000: 100% exemption**; and

  b) **For the remaining price up to RM750,000: 50% exemption**

Effective: Sale and purchase agreements executed from 1 January 2027 to 31 December 2030

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Stamp Duty

Stamp duty for revival of abandoned housing projects

Previously

A 100% stamp duty exemption is given on loan agreements and instruments of transfer for the revival of abandoned housing projects as follows:

Rescue contractor or developer	Original buyer of the abandoned house
Loan agreements for financing purposes; and	Loan agreements for additional financing purposes; and
Instruments of transfer for the transfer of land or abandoned housing projects	Instruments of transfer for residential homes.

The above exemption is effective on loan agreements and instruments of transfer executed from 1 January 2013 until 31 December 2025.

Proposed

A 100% stamp duty exemption will be reintroduced on loan agreements and instruments of transfer executed by rescue contractors or developers and original buyers in relation to the revival of abandoned housing projects certified by the Ministry of Housing and Local Government.

Effective: : Loan agreements and instruments of transfer executed from 1 January 2027 to 31 December 2030

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Stamp Duty

Stamp duty exemption for opening savings and current accounts

Current

RM10

Stamp duty

On instruments for opening savings and current accounts that contain an undertaking creating a specific legal obligation, indemnity, guarantee or liability.

Proposed

100%

Stamp duty exemption

For the said instruments executed by individuals or businesses.

Effective: From 1 January 2027

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Stamp Duty

Review of stamp duty treatment for loan and financing under the CAKNA Scheme

CAKNA provides financing to Micro, Small and Medium Enterprises (MSMEs) and small contractors that have secured Government contracts.

Remission on stamp duty exceeding RM10 for principal loan or financing agreements (Agreements)

Scheme and purpose	Current	Proposed and effective date
CAKNA I MSMEs obtain early payment for completed Government contracts by selling approved invoices to banking institutions.	Agreements executed from 1 March 2021 to 31 December 2028	Extend remission for 2 years for agreements executed from **1 January 2029 to 31 December 2030**
CAKNA II Small contractors obtain financing to implement and complete Government contracts valued up to RM1.5 million on time.	Agreements executed from 1 January 2024 to 31 December 2025	Reintroduce remission for agreements executed from **1 January 2027 to 31 December 2030**

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Stamp Duty

Remission of stamp duty on loan agreements by Mid-Tier Companies (MTCs)

Previously

1) **Loan or financing agreements**

   0.5% ad valorem stamp duty

2) **Principal factoring or invoice financing agreements**

   Stamp duty exemption for MSME agreements with factoring companies registered with the MOF and members of the Malaysian Factors Association, executed from 1 January 2022 to 31 December 2025

Supplier Financing Programme

MTCs use reverse factoring to enable early payments to MSME suppliers through MTCs' excess credit facilities.

MTC–financial institution agreement	Current duty	Proposed duty
First tier Credit facility agreement	0.5%	**0.5%** Unchanged
Second tier Agreement to utilise the excess credit facility	0.5%	**RM10** Stamp duty above RM10 remitted

Conditions for MSME suppliers

- Have fulfilled contracts to supply goods or services to the MTCs
- Are not a parent company, subsidiary or related party to the MTCs

Effective: Second tier agreements executed from 1 January 2027 to 31 December 2030

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Stamp Duty

Remission of stamp duty on loan or financing agreements through Peer-to-Peer (P2P) platforms

P2P platforms enable entrepreneurs and MSMEs to raise business capital through loans from investors.

Current

100%

Stamp duty exemption

For MSME–investor agreements through P2P platforms registered with and recognised by the Securities Commission Malaysia.

Agreements executed from 1 January 2022 to 31 December 2026.

Proposed

RM10

Stamp duty above RM10 remitted

For P2P loan or financing agreements between MSMEs and investors.

Effective: Loan or financing agreements executed from 1 January 2027 until 31 December 2030

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Stamp Duty

Review of stamp duty treatment for foreign currency loan or financing agreements

Current

Foreign currency loan or financing agreements are subject to ad valorem stamp duty at a rate of 0.5%.

Proposed

Stamp duty imposed on loan or financing agreements in foreign currency from banks in Malaysia shall be capped as follows:

i. **For loan or financing up to RM100 million – RM2,000;**

ii. **For loan or financing exceeding RM100 million – RM5,000.**

Effective: Loan or financing agreements executed from 1 January 2027

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Stamp Duty

Review of stamp duty treatment for loan or financing agreements for shipping companies

Current

- Any loan or financing agreements for the purchase or construction of Malaysian ships shall be subject to ad valorem duty of 0.5% or 1%.
- A 100% stamp duty exemption is granted on instruments executed by a Labuan entity in relation to a Labuan business activity under the Stamp Duty (Exemption) (No. 3) Order 2012 [P.U.(A) 268/2012]

Proposed

- Stamp duty imposed on loan or financing agreements for the purchase or construction of Malaysian ships by Malaysian shipping companies shall be capped as follows:
  i. **For loan or financing up to RM100 million – RM2,000**;
  ii. **For loan or financing exceeding RM100 million – RM5,000.**
- Stamp duty exemption executed by Labuan entity remains effective.

Effective: Loan or financing agreements executed from 1 January 2027

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Stamp Duty

Stamp duty exemption on education loans

Current

Loan type	Stamp duty
Unsecured	Fixed duty of RM10 Item 22(4), First Schedule of the SA 1949 – being the security for payment or repayment of money made for the purpose of pursuing higher education in higher educational institutions or pursuing any course of study in any institution.
Secured	Ad-valorem duty at 0.5% *Item 27(a)(iii), First Schedule of SA 1949*

Proposed

100% stamp duty exemption on all types of education loans

Effective: 1 January 2027

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Stamp Duty

New definitions

Proposed

Term	Definition	Purpose
Foreign Company	A foreign company or a Malaysian company where **at least 50% of its issued shares or voting shares are held by foreign parties**, through direct or indirect control.	Clarifies the characteristics of entities classified as foreign companies.
Permanent Resident	An individual recognised as a permanent resident under **immigration laws**.	Determines the applicable stamp duty rate based on resident status.
Assessment	Includes **original and additional assessments**, including assessments made through the electronic system.	Standardise the use of the term **"assessment"** across all assessment processes.

Effective: From 1 January 2027

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Stamp Duty

Digitalisation of stamp duty administration

Proposed

Mandatory electronic submissions

through **e-Duti Setem**



01	**Endorsements** of instrument under the General Exemption, First Schedule of the Stamp Act 1949 (SA)
02	**Amended tax return form**
03	**Appeals**, **applications for extension of time** and **cancellation of stamp duty assessments**
04	**Refund claims**
05	**Replicas of instruments** and **endorsements**

Effective: **From 1 January 2027**

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Stamp Duty

Restructuring of Schedules to the Stamp Act 1949 ("SA 1949")

Current

2 separate schedules in SA 1949 for:

- **Instrument chargeable with duty – First Schedule**
- **Duty by whom payable – Third Schedule**

Proposed

- The First and Third Schedules will be combined into 1 **main schedule** under the SA 1949.
- The main schedule **sets out 5 groups** of instruments and parties liable to duty

- **Transfer**
- **Rights and Contracts**
- **Rental and Leases**
- **Instrument chargeable with duty**
- **Charges / Mortgages**

Effective: 1 January 2027

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Stamp Duty

New method for imposition of duty

	Current	Proposed
Financing / Loan rate	**Fractional and rounding rates** *Item 22(1)(a), First Schedule of SA 1949*	**0.5% on actual amount**
Additional security	**One-fifth of the duty on the principal or primary security, but not exceeding RM10** *Item 22(2)(a), First Schedule of SA 1949*	**RM10**

Effective: 1 January 2027

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Stamp Duty

New method for imposition of duty - continued

Example

Company A provides a loan to Company B. The total loan value is RM100,500 for a period of 5 years.

Current calculation	
The amount chargeable for stamp duty	**RM100,500**
The proper stamp duty that is chargeable based on Item 22(1)(a)	RM5 for every RM1,000
The stamp duty payable based on Item 22(1)(a)	**RM505 (RM101,000 / RM1,000 x RM5)**

Proposed calculation	
The amount chargeable for stamp duty	**RM100,500**
The proper stamp duty that is chargeable based on Item 22(1)(a)	0.5%
The stamp duty payable based on Item 22(1)(a)	**RM502.50 (RM100,500 x 0.5%)**

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Stamp Duty

Revision of types of instruments under the SA 1949

Proposed

The list of instruments below to be removed to align with current practice:

Instrument	Reason
Warrant of Attorney	Obsolete
Share Warrant	Issuance of these instruments are no longer permitted upon coming into force of the Companies Act, 2016.
Stock Certificate to Bearer	
Bond on obtaining Letters of Administration	To align with current practice

Effective: 1 January 2027

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Stamp Duty

Determination of statutory periods

Standardised calculation of statutory periods - from months to days

Greater certainty and consistency when calculating statutory periods for penalties and refunds

Current

3 months

2 months

Day counts vary with the calendar months involved.

Proposed

90 days

60 days

Day counts include working days and holidays.

Effective: From 1 January 2027

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Stamp Duty

Technical errors in notices

Proposed

The new provision distinguishes technical errors from disputes on substantive matters.

Technical errors

assessments, notices and other documents:



01	**Assessments and notices remain valid.**
02	**Collection action may continue.**
03	**Errors do not invalidate a notice.**

Taxpayers retain the right to object against a notice or assessment.



Effective: **From 1 January 2027**

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Stamp Duty

Amendment and cancellation of stamp duty return forms

Proposed

Amendment

1. General information:
   May be amended with **no time limit.**
2. Changes to duty:
   apply within 30 days.

Cancellation

1. Apply for cancellation within the prescribed period.
2. Provide reasons and supporting documents.
3. The Collector assesses the application and records an audit trail.

Collector's power

The Collector may cancel an assessment where one or more assessments relate to the same instrument and duty has been charged.

Effective: From 1 January 2027

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Others

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Others

Self-billed e-invoice for e-commerce platforms

Current

E-commerce platform providers must issue self-billed e-invoices for platform transactions

Proposed

Malaysian platforms:
Self-billed e-invoices for all transactions, regardless of seller or buyer location.

Foreign platforms:
Required when either seller or buyer is in Malaysia. Not required when both are overseas.

Platform	Seller	Customer	Self-billed e-invoice by platform provider
Malaysia	Malaysia	Malaysia	Required
	Malaysia	Overseas	Required
	Overseas	Malaysia	Required
	Overseas	Overseas	Required
Overseas	Malaysia	Malaysia	Required
	Malaysia	Overseas	Required
	Overseas	Malaysia	Required
	Overseas	**Overseas**	**Not required**

Effective: From 1 January 2027

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Others

Tax deduction for repayment of National Higher Education Fund Corporation (PTPTN) Loan by employers on behalf of employees

Previously

- Employers qualify for an income tax deduction when they repay PTPTN loans on behalf of employees.
- Repayments from 1 January 2019 to 31 December 2021.

Proposed

Reintroduce **income tax deduction** for employer who repays PTPTN loan on behalf of employees for **2 years**, subject to the following conditions:

1. **Employer shall not impose any payment from the employee** in return for the PTPTN repayment.
2. **Employee must be a full-time employee.**
3. **Employee must not be the owner of the business or have family ties** with the employer.

Effective: PTPTN loan repayment made by employer from 1 January 2027 until 31 December 2028

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Real Property Gains Tax

Means to request information

Current

The Director General of Inland Revenue may require any person to give any information in writing pursuant to Section 27(1) of Real Property Gains Tax Act 1976 (“RPGTA”).

Proposed

The Director General of Inland Revenue may require any person to provide information, either **orally** or in writing.

Note: The proposal applies to LBATA as well.

Effective: YA 2027

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Others

Expansion of permitted use of School Public Contribution Fund (TSUWAS)

	Current	Proposed
Purpose	Implementation of projects or school programmes approved by the Ministry of Education	**Administrations, operations, minor repairs and maintenance of school**
Qualified school	• Fully government-aided school • Non-government-owned school • Fully government-aided religious school • Non-government-owned religious school	• Fully government-aided school • **Non-government-owned school (vernacular schools or national type schools without government intervention)** • Fully government-aided religious school • Non-government-owned religious school
Conditions	• Donation by cash only • Individual or corporate donor • Tax deduction is limited to 10% of aggregate income	
Administered by	**TSUWAS committee members**	**TSUWAS jointly administered by Parent-Teacher Association or Alumni Association**

Effective: YA 2027

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Others

Tax deduction for contributions to public universities

Current

Income tax deduction of up to an overall limit of 10% of the donor's aggregate income for:

- Gifts of money to DGIR-approved universities or educational institutions [Section 44(6)]
- Gifts of money in the form of endowment contributions to DGIR-approved public universities [Section 44(11D)]

Proposed

Income tax deduction of up to

10% of donor's aggregate income

For contributions to public universities with aging university infrastructure and equipment

- Alumni
- Corporate sector
- Public contributions

→ Public universities

Effective: To be announced

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Corporate Tax

Withholding Tax on REIT distributions for foreign investors

The IRBM has issued Practice Note No. 2/2026 confirming the tax treatment of REIT distributions from YA 2026 onwards. Most categories of investors (other than non-resident companies, which will continue to be subject to 24% WHT) are required to include REIT distributions as income in their Malaysian income tax returns and be subject to tax at prevailing rates on such income.

Taxpayer	Current *(based on Practice Note 2/2026)*		Proposed final tax rate (WHT)
	YAs 2016 to 2025	*2026*	2027 and subsequent YAs
Non-resident individual and non-resident others	WHT (Final) – 10%	30% of chargeable income	WHT (Final) – 30%
Foreign institutional investor			

Effective: 1 January 2027

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Others

Amended tax return: Power to waive and remit tax increases

Current

10% Increase in tax or additional tax on amended tax returns

Existing provisions do not empower the Director General of Inland Revenue (DGIR) to waive or remit the 10% increase in tax or additional tax under:

- **Subsection 77B(4) of the Act**
- **Subsection 48(7) of the Petroleum (Income Tax) Act 1967 (PITA)**
- **Subsection 21(4) of the Real Property Gains Tax 1976 (RPGTA)**

Proposed

DGIR will have the **discretionary power** to remit **all or part** of the tax increase under these provisions.



Effective: From 1 January 2027

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Others

MyTax: Digitalisation of tax services

Proposed

Tax estimates

Electronic submission through MyTax

ITA

Individuals (other than employment)

Revised estimate of tax payable

PITA

Upstream companies

Original and revised estimates of tax payable

Effective: From YA 2028

Electronic notices (e-Notice)

Delivery of tax notices through MyTax

Efficient, prompt delivery of electronic notices under the following Acts:

ITA	PITA	RPGTA
LBATA	SA	

Effective: From 1 January 2027

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